



COUNTY OF LOS ANGELES

Internal Services Department

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Interim Director

To enrich lives through effective and caring service.

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To: Each Supervisor

From: Dave Lambertson
Interim Director

Subject: **QUARTERLY REPORT ON LOCAL SMALL BUSINESS ENTERPRISE PREFERENCE PROGRAM – 4th QUARTER OF FISCAL YEAR 2003-2004**

This is the fifth in a series of ongoing quarterly reports to provide your Board with the status and results of the Local Small Business Enterprise (SBE) Preference Program. This report includes Program activity between April 1, 2004 and June 30, 2004.

Background

On July 23, 2002, your Board approved a Local SBE Preference Program and the effectuating Ordinance, Los Angeles County Code Chapter 2.204. The Ordinance provisions became effective October 28, 2002 and apply to the procurement of all goods and services, unless specifically excluded.

In adopting the Local SBE Ordinance, the Board made a finding that the County should aid and assist, to the maximum extent possible, the interests of local small business in order to preserve free competitive enterprise and to ensure that a fair proportion of the total purchases and contracts or subcontracts for procurement of goods or services for the County be placed with such enterprises. The Program is a race and gender-neutral program designed to enhance contracting and procurement opportunities for local small businesses within the County by providing a five percent (5%) bid price reduction to bids submitted by certified Local SBEs.

The Local SBE Program is modeled on the State of California's small business preference program and utilizes the State's certification of small business status as a requirement for the County's certification of Local SBE status. In addition to State certification, the County's Local SBE Program requires a small business to have its principal office currently located within the County for a period of at least the past twelve months.

In coordination with the Chief Administrative Office, Office of Small Business (OSB), Office of Affirmative Action Compliance and ISD, implementation instructions were developed and issued to County departments on September 27, 2002.

All vendors were notified, via email, of the Program requirements in September 2002 before implementation, in October 2002 when the Program was initiated, and again in February 2003.

The County's "Doing Business with Us" website has been modified to include:

- A description of the County's Local SBE Preference Program;
- detailed instructions on how to apply for the preference; and
- linkage to other key small business related websites.

In addition, my Purchasing Division provided Program training to more than 600 County procurement and contracting personnel from County departments in September and October 2002. At the request of several departments, additional training sessions were conducted during 2003, and will continue into next calendar year.

Program Participation Matrix

	4 th Quarter FY 03-04	Fiscal Year to Date	Program to Date
Number of Vendors Certified in Program	22	96	231
Number of Solicitations Involving Certified Local SBE's	97	368	500
Number of Awards to Certified Local SBEs	42	157	241
Number of Solicitations that the Local SBE was the Low Bid even before applying the 5% preference.	34	99	134
Total Amount of Purchase Orders or Contracts Awarded to Local SBE	\$889,873	\$14,441,234	\$19,135,197
Total Cost Differential in applying and awarding purchase orders or contracts to the Local SBE (over the Low Bid)	\$2,507	\$195,968	\$244,248

Summary

It is important to note that the above reported awards do not reflect all of the purchase orders or contracts that were awarded to Small Businesses. The reported amounts relates only to those firms who have become certified for the Local SBE Preference Program. We anticipate that the amounts will grow over future reporting periods as the number of participants increase.

ISD continues to work closely with OSB to facilitate the County's outreach efforts, which include presentations and the training of businesses on the Local SBE Preference Program at trade fairs, vendor workshops, as well as OSB's monthly procurement classes for vendors.

If you have any additional questions regarding the Program, please call me directly, or your designated staff may contact Joe Sandoval, ISD Purchasing Division Manager, at (323) 267-2670.

DL:j

c: Chief Administrative Officer
Department Heads
Edna Bruce, Office of Small Business